

Message Text

LIMITED OFFICIAL USE

PAGE 01 STOCKH 04905 270911Z

14

ACTION OES-04

INFO OCT-01 EUR-12 EA-07 ISO-00 TRSE-00 ERDA-05 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00 INT-05 OMB-01

IO-10 FEA-01 ACDA-05 NRC-05 /109 W

----- 020810

R 261515Z SEP 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 5786

INFO AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

USMISSION EC BRUSSELS

AMEMBASSY PARIS

LIMITED OFFICIAL USE STOCKHOLM 4905

E.O. 11652: N/A

TAGS: ENRG, EMIN, PFOR, BDIS, SW

SUBJECT: SWEDISH INDUSTRY MINISTRY COMPLAINS OF FAILURE
OF WESTINGHOUSE TO HONOR URANIUM CONTRACT

REF: STOCKHOLM 4702

1. SWEDISH MINISTRY OF INDUSTRY OFFICIAL TOOK OCCASION OF
VISIT OF EMBOFF ON OTHER MATTERS SEPTEMBER 25 TO SAY THAT GOS
REGARDED AS "VERY SERIOUS AFFAIR" NOTIFICATION RECENTLY GIVEN
BY WESTINGHOUSE TO SWEDISH POWER COMPANIES THAT IT WAS "NOT
PREPARED" TO DELIVER URANIUM AS CONTRACTED. STEN NIKLASSON,
HEAD OF INTERNATIONAL SECRETARIAT OF SWEDISH MINISTRY OF
INDUSTRY AND AIDE OF PRIME MINISTER PALME IN AREA OF BILATERAL
ECONOMIC COOPERATION AGREEMENTS, POINTED OUT
THAT SINCE GOS ITSELF IS HEAVILY INVOLVED IN NUCLEAR ENERGY,
PERFORMANCE OF WESTINGHOUSE COULD BECOME POLITICAL PROBLEM
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 04905 270911Z

BETWEEN US AND SWEDEN. GOVERNMENT, HE SAID, "LOOKS SERIOUSLY"

UPON WHAT COULD BE CONSIDERED POOR CONDUCT BY AN INTERNATIONAL COMPANY. GOS HAS NOT YET DECIDED WHAT TO DO ABOUT PROBLEM. HE DID NOT KNOW WHETHER SWEDISH POWER COMPANIES HAD YET REACTED BUT HAD NO DOUBT THAT THEY WOULD.

2. WESTINGHOUSE HAS INFORMED SWEDISH POWER COMPANIES THAT IT IS PREPARED TO DELIVER ONLY 20 PERCENT OF URANIUM CONTRACTED FOR AT CONTRACT RATE. NIKLASSON SUSPECTED THAT COMPANY WOULD BE ABLE TO SUPPLY MORE AT HIGHER PRICES NOW PREVAILING. BUT HE KNEW ALSO THAT WESTINGHOUSE HAD SEVERE SUPPLY PROBLEM; AUSTRALIA HAD REFUSED WESTINGHOUSE APPLICATION TO BUY URANIUM. COMPANY, HE CLAIMED, HAD BEHAVED CARELESSLY, COMMITTING ITSELF TO SUPPLY QUANTITIES WHICH IT WAS NOT CERTAIN OF OBTAINING. GOS HAD NO INDICATION AT TIME CONTRACT WAS SIGNED THAT THERE WAS ANY DOUBT ABOUT WESTINGHOUSE'S ABILITY TO SUPPLY. FACED WITH SHORTAGES, COMPANY HAS GIVEN PRIORITY TO SUPPLYING U.S. INTERESTS AS OPPOSED TO FOREIGN, NIKLASSON CHARGED. EXACT EXTENT TO WHICH WESTINGHOUSE NOTIFICATION IS PROMPTED BY PRICE CONSIDERATIONS OR BY SUPPLY SHORTAGE IS ALLEGEDLY UNCLEAR TO SWEDES. THEY WILL BE GETTING IN TOUCH WITH COMPANY DIRECTLY TO TRY TO CLARIFY WHAT LIES BEHIND ITS "RATHER BRUTAL MESSAGE", NIKLASSON SAID.

3. IN SHORT TERM, SWEDEN WILL BE ABLE TO MANAGE WITHOUT WESTINGHOUSE SUPPLIES. BUT IN LONG RUN, LACK OF QUANTITIES CONTRACTED FROM WESTINGHOUSE ARE VERY SIGNIFICANT AND WILL PUT SWEDEN IN AWKWARD SITUATION, ACCORDING TO NIKLASSON.

4. TO SOLVE PROBLEM, HE CONTINUED, SWEDEN WILL USE SWEDISH NUCLEAR FUEL SUPPLY COMPANY (SKBF), JOINTLY OWNED BY GOS AND POWER COMPANIES TO GET IN TOUCH WITH URANIUM PRODUCERS. SKBF IS ALREADY IN CONTACT WITH PRODUCERS IN AUSTRALIA. GOA, WHICH HAS COMPLETE AUTHORITY OVER EXPORTS OF URANIUM, IS POSITIVE TOWARD EARLY DISCUSSION OF SWEDISH LONG-TERM REQUIRMENTS. (NOTE: UPON RETURN OF INDUSTRY MINISTER RUNE JOHANSSON FROM AUSTRALIA RECENTLY, PRESS REPORTED SWEDEN WAS INTERESTED IN PURCHASING 800 TONS OF URANIUM ORE FROM AUSTRALIA BETWEEN NOW AND 1980). NIKLASSON APPEARS TO HAVE SOME DOUBT, HOWEVER, ABOUT ABILITY OF AUSTRALIANS TO HELP SWEDEN OUT IN SHORT TERM. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 04905 270911Z

GOA, HE SAID, HAS COMMITMENT FROM PREVIOUS GOVERNMENTS TO SUPPLY JAPAN AND WEST GERMANY; TO MEET IT, AUSTRALIANS WILL OPEN UP ONE NEW MINE WITH CAPACITY OF 1500 TONS A YEAR. HE WAS UNSURE WHETHER THEY COULD INCREASE PRODUCTION OF EXISTING MINES OR OPEN ADDITIONAL ONES SINCE PUBLIC OPINION IN AUSTRALIA IS STRONGLY AGAINST EXPANSION OF NUCLEAR SOURCES OF ENERGY.

5. COMMENT: WESTINGHOUSE VICE PRESIDENT BETHEL AND DIRECTOR IN SCANDINAVIA JOHN STALEY MET SEPTEMBER 15 WITH INDUSTRY MINISTRY UNDER SECRETARY TONY HAGSTROM TO EXPLAIN WESTINGHOUSE VIEWS ON PROBLEM. BETHEL AND STALEY ALSO MET WITH CHARGE AND WITH SCIENCE ATTACHE TO EXPLAIN, WITH CONSIDERABLE EMBARRASSMENT, THE WESTINGHOUSE PREDICAMENT ARISING ESSENTIALLY, THEY SAID, FROM THE UNANTICIPATED SHARP RISE IN THE PRICE OF URANIUM SINCE 1973.

6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RECEIVING ANY BACKGROUND INFORMATION AND COMMENT ON THE WESTINGHOUSE PROBLEM THAT THE DEPARTMENT CAN PROVIDE.
STRAUSZ-HUPE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, NUCLEAR AGREEMENTS, TRADE COMPLAINTS, CONTRACTS, NUCLEAR COOPERATION PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STOCKH04905
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750336-0039
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750911/aaaaajhc.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OES
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STOCKHOLM 4702
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by BoyleJA>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SWEDISH INDUSTRY MINISTRY COMPLAINS OF FAILURE OF WESTINGHOUSE TO HONOR URANIUM CONTRACT
TAGS: ENRG, EMIN, PFOR, BDIS, SW, US, WESTINGHOUSE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006